

Algona Property Tax Facts

(All information was obtained from the King County Tax Assessors Office website)

Determining the Amount of Property Tax

The costs of state and local government determine how much property tax will be levied. These include operating costs of schools, city and county government and other taxing districts such as the Port of Seattle, library, hospital, fire and sewer districts. A large part of each property tax dollar goes to pay off bonds for such capital costs as school buildings and other public projects.

Establishing Tax Levies

The state constitution, statutory levy limits set by the legislature and excess levies approved by the voters are used to calculate the total property tax levy. The tax rate on your property is the figure resulting from dividing the dollar amount required for the taxing district by the total value of property within the district and then adding up the rates of the various districts in which your property is located. The assessed value of your property, multiplied by the combined rate, produces a tax amount which is your fair share of the total property tax levy in your area. The King County Treasurer issues tax statements and taxes are paid to the King County Treasury Operations.

Legal Limitations on Property Taxes

There are four restrictions or limits that affect how high property taxes can go:

The 1% constitutional limit: The primary limitation on property taxes was established by the 17th amendment to the Washington State Constitution in 1972. Article 7, Section 2 of the Constitution and RCW 84.52.050 limit the total regular property tax levy to a maximum of \$10.00 per \$1,000 of the market value of property. Excluded from this \$10 limit are levies for ports and public utility districts.

Statutory maximum rates for districts: RCW 84.52.043 establishes maximum levy rates for the various types of taxing districts (the state, counties, cities and towns, fire districts, and the like.) In addition, it establishes a maximum aggregate rate of \$5.90 per \$1,000 of assessed value for counties, cities, fire districts, library districts and certain other junior taxing districts. The state levy for support of common schools is not subject to the \$5.90 limit, although it is subject to the constitutional \$10 limit.

The 106% limit: In 1971, Chapter 84.55 RCW established a limitation on the increase in regular property taxes for taxing districts. The current limitation each year for most districts is 106% of their highest lawful levy since 1985, plus an additional amount to allow for new construction within the district. Referendum 47, passed in 1997 by Washington voters, requires taxing districts with over 10,000 population to establish substantial need to use any amount of this 106% limit that exceeds the rate of inflation, and to approve such an increase by a super-majority vote of its governing body (e.g. a city council.)

The levy increase limit applies to the total amount of regular property tax for a taxing district, not to individual properties.

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Excess levies: Most districts can submit propositions for additional property tax levies to a vote of the people. Local school districts have no regular levy authority (although they are allocated funds from the statewide school levy) so they receive a substantial portion of their funding from voter-approved excess levies. Excess levies must be authorized by a 60% majority of the voters and such levies are not subject to any of the limitations described above.

The Assessor uses the taxing district budget request, the total assessed value of the taxing district and the limitations to set the levy rate. Rates are expressed in dollars per every thousand dollars of assessed value.

What happens when Levy Limits are Exceeded

The regular levy for each taxing district is reviewed by county authorities for compliance with the levy increase limit, the district's statutory rate limit, and the \$5.90 and 1% limits before the levy is made. If the statutory or levy increase limits are exceeded by an individual district, then their levy is reduced to a lawful amount. The statutes establish a district hierarchy for rate reductions if the aggregate limits are exceeded, and the rates are reduced accordingly.

Algona's 101% levy increase

The City of Algona's highest lawful tax levy in 2003 was \$519,615. Through a 101% increase authority the City would receive an additional \$5,196 for 2004. New construction for 2004 was \$8,632,970 which brings in an additional \$17,803 in property tax for the City for a total increase of \$22,999. This calculation does not include estimates for re-levies or payments of past due property taxes.

What does this mean to you? Many factors play an important role in property tax calculations such as assessed value of the property being taxed, total assessed valuation of the taxing district, the percentage of increase made by ALL taxing authorities. The following example will show how property taxes change depending on all these factors:

Example One: Property in Algona with an increased assessed value of \$9,400 from 2003 to 2004.

	2003	2004	Difference
Assessed Value	\$ 142,400.00	\$ 151,800.00	\$ 9,400.00
State of Washington	412.50	418.48	5.97
Auburn School District	762.87	812.00	49.13
King County	192.17	217.30	25.13
Port of Seattle	36.87	38.56	1.69
EMS	34.38	36.00	1.62
Library	77.70	81.45	3.74
City of Algona	267.24	275.18	7.94
Total Property Tax Assessment	\$ 1,783.74	\$ 1,878.96	\$ 95.22

The overall increase for this property is \$95.22; however, only \$ 7.94 was allocated to the City of Algona.

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Example Two: Property in Algona with **NO** increased assessed value from 2003 to 2004:

	2003	2004	Difference
Assessed Value	\$ 150,000.00	\$ 150,000.00	\$ -
State of Washington	434.52	413.52	(21.00)
Auburn School District	803.58	802.37	(1.21)
King County	202.42	214.72	12.30
Port of Seattle	38.84	38.10	(0.74)
EMS	36.21	35.58	(0.64)
Library	81.85	80.48	(1.37)
City of Algona	281.51	271.92	(9.59)
Total Property Tax Assessment	\$ 1,878.94	\$ 1,856.68	\$ (22.26)

As you can see from comparing example one to example two, all the calculating factors make a big difference in property taxes. However, it is highly unlikely that example two would happen since King County reevaluates assessed values annually.

The following chart represents historical data on Algona's assessed valuation and total tax levies from 2001 to 2004:

	2001	2002	2003	2004
Assessed Value History	\$ 254,202,098	\$ 267,124,788	\$ 278,495,779	\$ 300,761,427
Real Property Value	\$ 209,570,643	\$ 224,499,617	\$ 236,020,437	\$ 252,090,345
Real Property Value-New Construction	\$ 6,143,110	\$ 2,524,630	\$ 5,287,815	\$ 8,632,970
Personal Property Value	\$ 38,488,345	\$ 40,100,541	\$ 37,187,527	\$ 40,038,112
Total Annual Levy	\$ 487,224	\$ 497,285	\$ 519,615	\$ 542,614

The following chart represents Algona's average assessed value changes from 2001 to 2004:

Average Assessed Value Change	2001	2002	2003	2004
Average Residential Value	\$ 125,000.00	\$ 134,000.00	\$ 142,400.00	\$ 151,800
Average Levy Rate per \$1,000 of Assessed Value	\$ 13.03	\$ 12.69	\$ 12.48	\$ 12.33
Average Property Tax	\$ 1,628.49	\$ 1,699.91	\$ 1,777.23	\$ 1,872.27
Average Property Tax Change	\$ 88.73	\$ 71.42	\$ 77.32	\$ 95.04
Average Percent Tax Change	5.8%	4.4%	4.5%	5.3%
Average Assessed Value Change	\$ 12,500.00	\$ 9,000.00	\$ 8,400.00	\$ 9,400.00
Assessed Value Change	11.1%	7.2%	6.3%	6.6%

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The following chart represents historical property tax levy rates by taxing authority in the City of Algona from 2001 to 2004:

Property Tax Rates	2001	2002	2003	2004
State	3.14502	2.98946	2.8968	2.75678
Auburn School	5.47999	5.4781	5.3572	5.34914
County	1.55218	1.44949	1.34948	1.43146
Port	0.19029	0.18956	0.25895	0.25402
EMS	0.24624	0.25	0.24143	0.23717
Library	0.55737	0.52581	0.54568	0.53653
City	1.93153	1.87299	1.87672	1.81278
Possible Highest Levy Rate	\$ 13.10	\$ 12.76	\$ 12.53	\$ 12.38

Purpose of taxing authorities:

Taxing Authority	Purpose
State of Washington	Educate all children through support of common schools
Auburn School District	Educate all children
King County	General Purpose, flood control, veteran's aid, mental health services, open space land or development rights
Port of Seattle	Construct & maintain harbor and airport facilities
EMS	Emergency Medical Services
Library	Support of King County Library system
City	General Services such as fire and police protection and street maintenance

The following chart represents property tax distribution history in the City of Algona from 2001 to 2004 based on average assessed valuation:

Property Tax Distribution	2001	2002	2003	2004	Change
Assessed Value	\$ 125,000.00	\$ 134,000.00	\$ 142,400.00	\$ 151,800.00	\$ 9,400.00
State	393.13	400.59	412.50	418.48	11.92
Auburn School	685.00	734.07	762.87	812.00	28.80
County	194.02	194.23	192.17	217.30	(2.07)
Port	23.79	25.40	36.87	38.56	11.47
EMS	30.78	33.50	34.38	36.00	0.88
Library	69.67	70.46	77.70	81.45	7.25
City	241.44	250.98	267.24	275.18	16.26
Property Tax Levy Amount	\$ 1,637.83	\$ 1,709.22	\$ 1,783.74	\$ 1,878.96	\$ 74.51

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2004 Comparison to King County Cities	Assessed Value	City Levy Rate	Total Prop Taxes	Average Residential Value	Average Total Tax Rate	Average Annual Property Taxes	Average City Share of Property Tax
Algona	300,761,427	1.81278	542,614	151,800	12.33	1,872.27	275.18
Auburn	4,315,230,095	2.87319	12,337,117	189,400	13.44	2,545.71	544.18
Beaux Arts	71,039,248	1.68484	119,209	610,200	9.11	5,558.59	1,028.09
Bellevue	21,272,830,638	1.32161	28,035,032	432,400	8.7	3,762.01	571.46
Black Diamond	406,341,397	1.9043	768,273	260,700	11.48	2,993.21	496.45
Bothell	2,213,102,326	1.70509	3,752,789	289,000	12.01	3,470.54	492.77
Burien	2,793,197,214	1.44756	4,010,016	243,700	12.05	2,936.17	352.77
Carnation	152,004,484	1.4102	213,172	226,500	11.47	2,598.82	319.41
Clyde Hill	995,741,400	0.74051	736,183	893,900	8.08	7,218.36	661.94
Covington	1,192,004,772	1.28369	1,526,178	203,500	12.61	2,565.56	261.23
Des Moines	2,101,331,698	1.54171	3,205,359	216,600	12.38	2,681.81	333.93
Duvall	585,598,349	1.11716	653,277	279,300	11.41	3,188.06	312.02
Enumclaw	775,910,589	2.37471	1,819,958	177,900	11.46	2,038.62	422.46
Federal Way	6,292,343,626	1.29605	8,117,874	217,900	12.21	2,660.87	282.41
Hunts Point	593,610,047	0.39126	232,197	3,085,100	7.23	22,315.82	1,207.08
Kenmore	1,996,484,686	1.74538	3,465,201	298,500	12.89	3,846.41	521.00
Kent	8,482,984,526	2.84683	24,073,804	221,100	12.87	2,846.57	629.43
Kirkland	7,446,476,981	1.55339	11,521,744	374,600	10.03	3,757.61	581.90
Lake Forest Park	1,626,825,712	1.55521	2,516,786	339,800	11.99	4,074.61	528.46
Maple Valley	1,411,260,028	1.41824	1,995,605	233,300	12.79	2,982.92	330.88
Medina	1,980,929,869	1.03847	2,055,710	1,648,900	8.37	13,806.39	1,712.33
Mercer Island	6,359,516,548	1.45163	9,210,538	817,400	8.82	7,211.83	1,186.56
Milton - partial/split with Pierce County	56,984,250	2.44432	137,756	185,900	12.51	2,325.97	454.40
Newcastle	1,290,071,543	2.27328	2,928,089	389,000	11.07	4,305.07	884.31
Normandy Park	913,053,651	1.42314	1,296,456	384,100	11.98	4,601.44	546.63
North Bend	525,591,824	1.68276	881,991	280,900	11.32	3,179.68	472.69
Pacific - partial/split with Pierce County	302,450,838	1.94433	583,211	173,900	12.47	2,167.73	338.12
Redmond	8,801,575,173	1.5752	13,835,701	328,100	10.11	3,318.08	516.82
Renton	6,372,632,122	3.24344	20,592,166	233,500	11.5	2,685.40	757.34
Sammamish	5,918,562,945	2.61319	15,450,036	429,600	11.4	4,896.84	1,122.63
Seatac	3,287,646,518	2.81779	9,227,124	187,900	12.01	2,257.39	529.46
Shoreline	5,336,019,568	1.27939	6,770,037	273,500	12.52	3,423.77	349.91
Skykomish	20,089,424	2.48349	49,376	97,400	7.66	745.63	241.89
Snoqualmie	825,967,333	2.86336	2,357,543	328,000	12.1	3,969.28	939.18
Tukwila	3,384,090,709	3.10754	10,490,172	186,500	13.42	2,503.36	579.56
Woodinville	1,773,759,164	1.40173	2,480,000	329,200	12.5	4,114.57	461.45
Yarrow Point	523,914,376	0.76764	401,704	1,298,300	7.61	9,879.80	996.63

Property Taxes 101

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What kinds of property are taxable?

Under Washington State law, two types of property can be assessed and taxed:

- 1) Real Property (real estate) which is land, improvements attached to the land such as buildings and improvements to the land such as driveways.
- 2) Personal Property which are assets used in the operation of a business such as machinery, equipment, signs, furniture, fixtures and supplies consumed in the operation of a commercial, industrial or agricultural enterprise. Mobiles homes are valued as personal property when they are located on leased land. Otherwise they are valued as real property.

How is the value of real property determined?

In Washington State, assessment for tax purposes means establishing the full market value of your land and its improvements. This is the job of an appraiser. Appraisal methods used in King County follow basic practices and procedures used in the appraisal profession. Three approaches may be used to determine real property value:

- 1) **Market:** The market data (sales comparison) approach.
- 2) **Cost:** The reproduction or replacement cost new, less accrued depreciation approach.
- 3) **Income:** The income or capitalization of economic rents approach.

All three approaches are applied, if appropriate, in appraising improved commercial and industrial properties. The market and cost approaches are the bases of appraisal of improved residential properties. The value of vacant land is most often determined using the market approach. Whenever the Assessor revalues your property, you will receive a "Valuation Change Notice" from the King County Assessors Office. In Algonia, the King County Assessors Office determines assessed value of your property.

The assessment procedure begins with establishing land value. Appraisal theory and state law require land to be valued as if vacant. This value is determined by analyzing sales of comparable bare land. The next step is to study sales and market trends of improved (developed) properties in a selected area. This sales analysis is used to determine total market value based on square footage, year built and other characteristics of the property. From this total value, King County subtracts the amount determined for land. The balance is allocated to improvements.

Real property valuations are made by King County's staff of accredited real estate appraisers. The total valuation represents 100% of fair market value. Market value is the amount of money a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. For residential parcels, fair market value is determined by analyzing recent sales of comparable properties in the same area. Commercial

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properties also may be appraised using this method or by using the income or cost approach. The appraisal method used will be the one that offers the best evidence of market value.

The King County Assessors office values property on a recurring basis according to a revaluation plan filed with the State Department of Revenue.

King County re-evaluates property on an annual basis.

When any change in valuation is made, King County will mail you a "Value Change Notice." This notice shows your old and new total values and the difference between land and improvement values.

How is the value of personal property determined?

Most personal property assessments are based on information provided by the taxpayer on personal property affidavit forms furnished by the Assessor. The Assessor uses information provided by the taxpayer to determine value; taking into consideration the age, cost and type of property.

What determines the amount of property tax?

The costs of state and local government determine how much property tax will be levied. These include operating costs of schools, city and county government and other taxing districts such as the Port of Seattle, library, hospital, fire and sewer districts. A large part of each property tax dollar goes to pay off bonds for such capital costs as school buildings and other public projects.

How are property tax levies established?

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How do I qualify for property tax exemptions or deferral?

If you are a senior citizen or disabled person you qualify for an exemption if you:

- 1) have a total annual income of \$30,000 or less and,
- 2) are 61 years of age or older or,
- 3) are retired because of physical disability or,
- 4) are a widow or widower at least 57 years of age whose spouse had an exemption at the time of his or her death.

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If you are a senior citizen or disabled person you qualify for a deferral if you:

- 1) have a combined disposable income of \$34,000 or less
- 2) are at least 60 years old when you file or,
- 3) retired because of a disability.

RCW 84.36.381 grants property tax exemptions if your total annual income is \$30,000 or less and if you are 61 years of age or older, or you are retired because of physical disability, or if you are a widow or widower at least 57 years of age whose spouse had an exemption at the time of his or her death. Once you have applied for an exemption and received approval, you need file only once every four years to maintain the exemption. The King County Tax Assessor's Office will notify you when it is time to re-file. The exemption ceases immediately upon the death of the qualified person, unless survived by an eligible spouse. Legislation passed in 1995 also provides that the claimant's assessed valuation is frozen as of January 1, 1995 or January 1 of the year in which the claim is filed, whichever is later.

Call the King County Tax Assessors Office at (206) 296-3920 for more information